

Below is Rep. Israel's letter to constituents regarding the American Clean Energy and Security Act of 2009 (H.R.2454). The bill passed the House of Representatives on June 26, 2009. Following the letter is a Q&A about the legislation.

Rep. Israel's Letter:

Thank you for contacting me about The American Clean Energy and Security Act (ACES). I appreciate hearing your views.

I voted for this legislation because I believe that the greatest threat to our national security is our deep dependence on foreign oil and this is the boldest step we have taken to regain our energy security in thirty years.

For some people, energy is primarily considered an environmental issue. For others, it is essentially an economic issue. For me, it is principally a national security issue.

For example, Iran's attempts to develop nuclear weapons are destabilizing. But Iran sits on the second largest recoverable reserve of oil in the Persian Gulf and is the fourth largest exporter of crude oil in the world. Essentially, 90 percent of all Persian Gulf oil flows through the Straits of Hormuz, which is controlled by Iran. How can we be truly secure when we must borrow from China... to buy oil from the Persian Gulf... to fuel our weapons systems... to defend ourselves from China and the Persian Gulf? Only an accelerated and focused national commitment to developing domestic renewable and clean energy technologies - similar to the way we beat the former Soviet Union in the Space Race - will end this dependence. And ACES is the best way to achieve this critical goal.

The sad fact is that for thirty years - ever since President Jimmy Carter declared "the moral equivalent of war" on foreign oil - both political parties have waged that war ineffectively:

- We have doubled our imports of oil from the Persian Gulf while slashing the federal investment in research and development of renewable technologies by 85 percent.
- Oil prices have skyrocketed.
- We have lost our international competitiveness, falling behind China and Germany in developing solar energy technologies. Between 2001 and the economic decline that began in 2007, the typical annual American household's energy costs rose by \$1,130 under the previous Administration's status quo energy policy.

The past thirty years of energy policy haven't worked. We must try something new.

By making fundamental change and technological leaps, America has always seized the high ground in innovation, national security and economic prosperity. We did it in response to the threat of World War II, we did it in response to the threat of Sputnik, and now this bill, if passed by the Senate and signed by the President, will enable us to do it in response to the threat of foreign oil and climate change. Those past achievements - the industrialization of World War II; the Mercury, Gemini and Apollo programs; the Reagan defense build-up of the 1980s - required leadership, investment, and yes, even sacrifice.

ACES is not perfect. And some provisions may be changed as it moves through the Senate and returns to the House for a final vote. I will continue to keep your views in mind as the process of compromise continues. And, to assist you in understanding the bill, I have prepared the attached question and answer sheet that highlights various provisions and explains the course of action moving forward.

Thank you again for contacting me. Please do not hesitate to do so again on any matter of concern. You can also visit my website (<http://israel.house.gov>) to learn more about the issues important to you.

Sincerely,

STEVE ISRAEL
Member of Congress

Rep. Israel's FAQ:

Congressman Israel, what exactly does the bill do?

The American Climate and Energy Security Act (ACES) has three major components:

First, it reduces U.S. carbon emissions 17 percent (from 2005 levels) by 2020 and 83 percent by 2050. These targets are achieved by imposing a graduated total cap on carbon emissions and requiring companies that exceed those caps to purchase permits from companies that remain under the cap.

Second, it requires that utilities derive 20% of their electricity from renewable energy sources and greater energy efficiency technologies by the year 2020.

Third, it generates about \$190 billion in federal investments in renewable energy, energy efficiency and related initiatives by the year 2020.

Steve, you claim this will reduce our dependence on foreign oil. How?

On the day you read this, the United States will consume about 21 million barrels of oil. Sixty percent (13 million barrels) will be imported. By limiting the use of fossil fuels in favor of renewable and energy efficient technologies, we will reduce demand for Persian Gulf oil to keep the lights on in our homes and our cars and trucks driving on our roads.

What about domestic energy supplies?

ACES provides a historic investment in U.S. domestic energy resources. For example, it allocates \$60 billion for research and development of coal sequestration. Ultimately, we may be able to reduce carbon emissions in coal, an abundant but heavily-polluting domestic energy resource.

How much will this bill cost me?

According to the nonpartisan Congressional Budget Office the average per-household cost will reach a total of \$175 a year by the year 2020. However, the fact is that current policies increased your energy costs at a far costlier rate. For example, in 2003, a gallon of gas cost \$1.50 and the average American paid \$1,500 a year. Today, the national average price of a gallon of gas costs \$2.64 and you pay nearly \$3000 a year. So the past six years of energy policy has taxed you an additional \$1500 a year, a sharp contrast to the CBO estimate of \$175 by 2020.

Won't energy costs skyrocket initially?

To prevent that, the bill gives electric distribution companies free credits initially. And 55 percent of credits must go to consumer rate protection through state public service commissions. The Congressional Budget Office has estimated that the bill would actually save low income consumers money on their utility bills and the wealthiest 20 percent of American households would only experience modest rate increase. For the average American family this is equivalent to the price of a single postage stamp a day.

So the bill requires polluters to pay more for their carbon emissions. And what does Washington do with the money?

In addition to returning some revenues to consumers for rate protection, about \$190 billion is used to create new jobs, businesses and research in renewable energy technologies.

As I said in my letter, ever since President Jimmy Carter declared "the moral equivalent of war"

on foreign oil thirty years ago, we have actually doubled our imports of oil from the Persian Gulf while slashing federal investment in research and development of renewable technologies by 85 percent. This bill provides that:

- 1) \$90 billion will support research and development in renewable energy and energy efficiency technologies, so we can regain our competitive edge over places like China and Germany in deploying solar panels; and create new products to reduce your LIPA bills through energy efficiency.
- 2) \$60 billion will be invested in trying to capture carbon from abundant domestic coal supplies.
- 3) \$20 billion will be invested in new vehicle technologies, including electric cars. Instead of closing down auto parts factories and auto showrooms, we need to create a new American auto industry using alternative fuels technologies and advanced batteries to produce the next generation of clean energy vehicles.
- 4) \$20 billion will be invested in basic science research, the same strategy we used to leapfrog the former Soviet Union in the Space Race and land Americans on the moon. Only now, instead of engineering a lunar landing module, we'll research how to design a battery that can power your car without oil.

What did you fight for in the ACES bill to help Long Island families?

I am very proud of one element that I fought for in the ACES bill. It's called Property Assessed Clean Energy Bonds and it could allow you to dramatically and immediately reduce your LIPA rates by installing renewable and energy-efficient products in your home (ie: solar panels, insulated windows) and finance those improvements through a unique federal-local initiative. Here's how it works.

Right now, you may want a solar roof or geothermal pump but you can't afford the huge front-end cost (even though your LIPA bill will drop as less of your power comes from the grid). As a result, not enough people are using these technologies, and there is no local industry for panels and installers. Under my proposal that will change. Local governments will be able to purchase bonds which will finance your individual energy efficiency or home improvements up to twenty years. You will repay the loan from a modest annual property tax assessment, but your LIPA bill will dramatically fall, not only offsetting the payback but returning cash to you. The property tax assessment is tax deductible, further saving you money; and the federal Department of Energy will guarantee the bonds, lowering borrowing costs.

The result? Lower LIPA bills for you and dozens of new companies hiring workers to install the retrofits. I proposed and successfully fought for this initiative because I want to make sure families like ours, in high utility cost areas like Long Island.

What happens from here? Is the bill final? When does it take effect?

The bill passed the House by a vote of 219-210 on June 26, 2009. The Senate will need to develop and pass its own bill. Then, both versions will be reconciled in a House-Senate Conference. At that point, both chambers will vote again and the bill will go to the President for his signature. In other words, the current language is just a start and further compromise is

likely.

How do I stay informed of the progress of the bill?

To stay informed on the ACES and other legislative issues in the House of Representatives, sign up for my e-newsletter at <http://israel.house.gov> .